



BUSINESS JOURNAL
CORPORATION FILE

**Jewel
Companies,
Inc.**
**Diversified
Retailers**
Annual Report 1970



Jewel Companies, Inc. Results In Brief

	1970 % to Total	Fiscal Year 1970	Fiscal Year 1969	% Increase 1970 Over 1969
<i>(Total dollars in thousands except per share figures)</i>				
Sales:				
Supermarkets	74.5%	\$1,213,430	\$1,109,920	9.3%
Drug Stores	11.4	185,100	160,456	15.4
Self-Service Department Stores.....	6.8	110,012	76,362	44.1
Direct Marketing Division.....	5.0	81,039	79,672	1.7
Restaurants	1.0	16,826	14,963	12.4
Wholesale and other.....	1.3	22,089	22,945	(3.7)
Total sales	100.0%	1,628,496	1,464,318	11.2
Net Earnings for the Year.....		23,962	21,417	11.9
Percent to total sales.....		1.5%	1.5%	
Percent to average shareholders' investment....		13.1	13.5	
Common Shares Outstanding (avg. in thous.)....		7,104	6,613	
Earned Per Share of Common Stock.....		\$3.36	\$3.22	4.3
Cash Dividends Per Share of Common Stock.....		1.50	1.45	3.4
New Property, Plant and Equipment (net):				
Jewel Companies, Inc.		\$ 37,749	\$ 37,722	
Real estate affiliates.....		21,418	7,399	
		As of Jan. 30, 1971	As of Jan. 31, 1970	
Net Working Capital (in thousands).....		\$ 79,090	\$ 52,929	
Ratio of Current Assets to Current Liabilities.....		1.6 to 1	1.5 to 1	
Shareholders		14,486	14,221	
Full-Time Employees		21,033	19,766	

Jewel Companies, Inc.

Annual Report 1970

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About this report...

This publication has been designed as a combination Annual Report to Shareholders and *Sharing* magazine (which was initiated in 1970, and is distributed quarterly to all employees). The main body, pages 2-14, is the same for both publications, but shareholders and employees will each receive special inserts. The insert for shareholders contains the normal financial statistics, while employees will receive data which has been prepared specifically for them.

Management's Report

Sales Increase 11.2%—Net Earnings Increase 11.9%

Sales for the year ended January 30, 1971 totaled \$1,628,496,000, a gain of 11.2% or \$164,178,000 over the previous year.

Net earnings were \$23,962,000, an increase of \$2,545,000, or 11.9% over the prior year. Earnings per share were \$3.36, up from \$3.22 per share a year ago when 6.9% fewer average shares were outstanding. This is the seventh consecutive year of earnings per share improvement. Each of our nine wholly-owned companies in the United States increased its sales and operating earnings in 1970 over 1969 as did Belgium's G. B. Entreprises and Mexico's Midco, in each of which Jewel is an important minority shareholder.

Growth Dimensions—

Places...

During 1970, despite a troubled economic environment, Jewel people continued to exercise their ability to expand in established markets and to open additional retail locations in new geographic areas. (A list of these new markets appears on page 8.)

Retail facilities will be opened in new market locations in 1971, many of them joint ventures between our divisions. Included are a Jewel-Turn*Style in Omaha, Nebraska; a Jewel-Turn*Style in Kalamazoo, Michigan; and a Buttrey-Osco in Yakima, Washington.

Of the 768 stores operated by Jewel at the end of 1970, 34% are new or had major remodelings within the last three years. In 1970 alone, we added 1,500,000 square feet, or 15% to the square footage of store space in operation and we plan to increase space 10% (1,200,000 square feet) in 1971.

Jewel people have continued to conceive and develop manufacturing operations that better assure sources of quality merchandise for our customers and that increase our earnings as well. During the year, Eisner opened a modern central bakery and the Jewel Food Stores and Eisner completed a cottage cheese processing facility. Osco Drug began construction of a photo finishing plant to serve its needs and those of several other Jewel

companies. It is now in operation. Jewel Food Stores and Eisner undertook to build an ice cream plant which is expected to be in production this year. The Direct Marketing Division is constructing a manufacturing line to package phosphate-free detergents to serve several of our companies. Brigham's is in the midst of setting up central processing for several of its key needs including beefburgers and fountain syrups.

...And People

Most importantly, Jewel continues to build the people strengths that will support our growth plans. Recruiting in all our companies has brought into the business approximately 400 new college graduates in 1970. Our decentralized management style has provided an attraction and motivation for both new and experienced Jewel people to join one of our strong retail management teams in influencing a business with which they can easily identify. Corporate management continues to be responsible for reviewing the human as well as the financial resource allocation between the autonomous Jewel operating companies and for monitoring the management development programs in each.

As the companies of Jewel grew in number, and at various stages of maturity produced profits that generated widely varying contributions to their employee profit sharing retirement trusts, it became apparent that a single Jewel Companies, Inc. retirement program would be desirable. Thus, while we continue to believe that incentive cash bonus plans should be related to individual company performance, we implemented as of January 1, 1971 a plan called Jewel Companies Retirement Estates to provide retirement income through profit sharing for the people of all our wholly-owned, domestic companies. J.C.R.E. continues the profit sharing under the several separate plans previously in effect.

The difference people make has seldom been better illustrated than in 1970. Buttrey, Eisner, Star and Jewel Food Stores led food retailers nationwide in anticipating and recognizing the demands of consumerism and the concerns about our environment. Our food chains were leaders in offering price per measure, open-dating and information about the phosphate content of detergents.

Diversified Foreign Operations

Jewel's philosophy of business in the United States is built around people offering value through self-service retailing of high quality products. Our foreign affiliates have the same goal. G. B. Entreprises in Belgium, with current annual sales approximating \$285,000,000, operates supermarkets, self-service department stores, traditional department stores, appliance shops, a variety of restaurants, garden centers, auto service centers and gas stations in a market of ten million people. This year, G. B. Entreprises will further diversify when it opens its first motel. Midco, serving a population of 8½ million in the Mexico City metropolitan area, operates supermarkets, self-service department stores and restaurants. In 1970, Midco opened its first full-service fashion apparel store and, at the other end of the spectrum, a large warehouse-type food and general merchandise discount store. Sales of each of our foreign affiliates in 1970 grew at a rate approximating 25% over the prior year.

After careful study we reluctantly concluded that our investment in Stella supermarkets in Italy did not provide the same opportunity. Our interest in Stella was sold at a loss of approximately 4¢ a share, which was charged to 1970 earnings.

Jewel Research in Retailing Continues

Through its four supermarket companies, Jewel successfully serves homemakers with their needs for food consumed at home. Our companies are also growing significantly in carry-out food services, mostly through the operation of delicatessen departments within their stores. During 1970, after long research, Jewel Food Stores successfully opened a new carry-out facility named Mr. Crispy, featuring fried chicken. The first free-standing Mr. Crispy shop is next to a White Hen Pantry. Several other units, in a variety of locations, are planned for the future.

Brigham's further enlarged its capability in the "food consumed away from home" market with the opening of family restaurants under the Buttrick's name. Jewel's joint venture with King's Food Host has been dissolved and the existing King's units are being converted to company-owned Brigham's restaurants, representing Brigham's entry into Chicago.

In 1970, Jewel acquired a majority interest in Mass Feeding Corporation, which packages and markets school

lunches under a systems approach which eliminates the need for specialized labor at each school. The business is not operating profitably during its initial period of growth in metropolitan Chicago and Detroit. We believe the concept is basically sound and that it ties in with our philosophy of adding value through self-service or limited-labor operations.

In addition to our commitment to the concepts described above, our investment and research in new ventures includes the opening of our first gas station, our first self-service promotional liquor store, two experimental coffee routes serving offices and small businesses and the installation of dry cleaning shops in our food stores. Also, good progress has been made by Jewel people in the development of electronic terminals designed to replace electro-mechanical cash registers at our check-out stands and to provide management information not heretofore available on an economically feasible basis. Together with two automation systems designers and manufacturers, prototype check-out terminals serviced by in-store computers have been developed and are now serving customers in a Turn*Style store and in a Jewel-Osco combination store.

Outlook for 1971

During 1970 we received the final \$10 million of an insurance company loan negotiated in 1967, and in May we sold 650,000 shares of common stock which added \$23,400,000 to our equity base. We have planned additions to capital assets totaling \$40 million in 1971, a six per cent increase over 1970, with no additional external financing required.

We are optimistic that 1971 will be another successful year for Jewel people in sales and earnings growth. However, for the first quarter of 1971, our earnings per share comparisons with the prior year will be influenced by the fact that the 650,000 shares of stock sold in May 1970 were not outstanding in the first quarter of 1970.

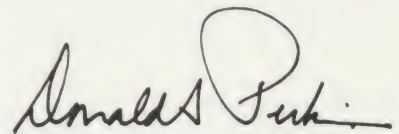
Our Thanks to Jewel People

This has always been a business of people with a rich sense of purpose, serving people with a genuine sense of appreciation. The accomplishments of 1970 are again the successes of thousands of dedicated, motivated, enthusiastic individuals whose satisfactions come from giving service, whose recognition comes in many ways...including the smiles of our

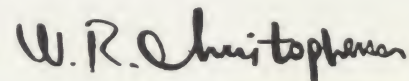
customers...and whose accomplishments we are pleased to report to you in this Annual Report.

Our thanks go out particularly to those dedicated men and women whose retirements were effective in 1970, including Edward McDermott, who retired as a Director after 27 years of service; Howard R. Rasmussen, who retired from his active management responsibility as Executive Vice President, Marketing and continues as a member of the Board of Directors; and Rilling S. Williams, who retired as Chairman of Buttrey Foods and who also continues as a member of our Board.

And we are especially anxious to thank the two people who have provided the leadership and pointed the direction of our Company for more than half its business life. George L. Clements, who changed roles from Chairman of the Board and Chief Executive Officer to Chairman of the Executive Committee, joins Franklin J. Lunding, Chairman of the Finance Committee and Chief Financial Officer, who made a similar change in 1965, as a key advisor to the Jewel management team. Our gratitude for their help is exceeded only by our affection for them as people and by our respect for them as business and community leaders.



Donald S. Perkins



Weston R. Christopherson



WATCHING THE HORIZON



One Jewel concept of management might be called "Watching the Horizon," which means anticipating the needs and wants and concerns of our customers, our people and society in general. This philosophy imposes on management the need to be ready with people and empathy, facilities and systems, products and services necessary to do the job. Maintaining readiness requires a pioneering spirit. Frequently it is only by striking new paths toward new horizons that meaningful progress can be made.

Jewel's pioneering spirit assumes risk but does not invite recklessness. It is supported by fact-gathering and evaluation and by the experience and talents of people. In the process our people develop creativity, courage, resourcefulness and self-confidence.

In the 1930's we pioneered in consumerism when an intensive customer survey helped Jewel develop our "10 Commandments," a simple, forthright definition of how people in the Jewel Food Stores provide for customer needs and wants. Jewel's philosophy of sharing was crystallized in the 30's with the introduction of profit sharing for retirement (J.R.E.).

More recently, Jewel people pioneered the combination food-general merchandise store in a variety of sizes, each designed to offer a convenient, one-stop shopping experience. When the problems of inflation were on the horizon we responded with Miracle Prices, our commitment to offer quality food at the lowest possible prices.

One of the distinct competitive advantages we enjoy is this accumulated heritage of pioneering experience. And it is with this experience, and in this spirit, that we study the horizon of the 70's.



A



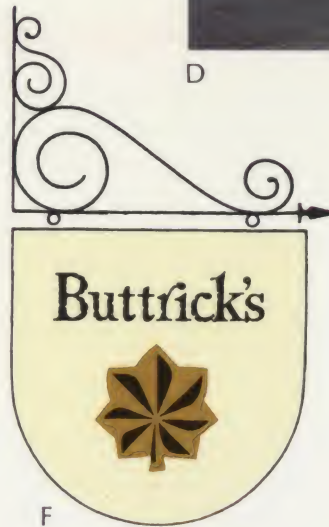
B



C



D



F

1970 - 76 Stores



1969 - 44 Stores



1968 - 23 Stores



G



E

Case'n Bottle

H



I



J



K

We're Investing Today for Tomorrow's Needs

While most of Jewel's people and resources are employed in serving today's customer in today's store, the future of our business will be influenced by the investments of time and capital we are committing not only to expanding present capabilities but to developing new services and retailing concepts. Some examples:

New Supporting Facilities

Eisner opened its new \$1,800,000 bakery last March. Covering 52,000 square feet, this automated facility produces more than 100,000 packages of all types of baked goods per week (C).

Opening later this year, the Hillfarm ice cream plant will produce six million gallons of ice cream a year for Jewel and Eisner stores (I). Their new cottage cheese plant has already been put into operation as part of the Hillfarm Dairy.

Star's produce distribution center, opened in 1970, is perhaps the most highly mechanized facility of its type in the U. S. This \$900,000 distribution center moves 5½ million pounds of fresh produce to Star stores each week with capacity for greater product movement as Star grows (B).

Our four supermarket companies have combined efforts under JEBS (Jewel-Eisner-Buttrey-Star) to select, purchase and ship fresh produce from our own distribution centers in Salinas and Indio, California. In addition to shipping to distribution centers, produce is also shipped directly to all Buttrey stores, some Eisner and Jewel stores, thus by-passing warehousing and assuring fresher produce in the stores (A).

The new Crest Photo Lab located in Elgin, Illinois is owned jointly by Osco Drug and Turn*Style. It will offer photo finishing service to most of their midwest stores and eventually will run 4,000 color rolls per eight hour shift.

The Direct Marketing Division added two new package manufacturing lines, one to supply sealed pouches for a new coffee service and the other for cake mixes. In 1971 the Barrington plant will have in operation a new manufacturing line capable of producing 15 million pounds a year of our new Park brand non-polluting laundry products.

Extending Our Services

Jewel Food Stores is beginning to offer professional dry cleaning service as part of its customer service counter (J). White Hen Pantry also offers dry cleaning service on a pilot basis in one of its stores serving a new apartment complex. Results so far in both instances are promising. White Hen, which has more than tripled in size over the last three years, continues experimentally to extend its services to such areas as prepared foods (G).

Turn*Style has opened its first Case 'n Bottle liquor store, next to the Turn*Style in Moline, Illinois. The 4,000 square foot store was designed and is operated with the housewife in mind and features a wide selection of wines keyed to the foods they best complement. Acceptance is encouraging and others are being planned (H).

Direct Marketing Division's new Park Coffee Service provides offices and plants with both coffee and brewing equipment. The coffee is roasted and bagged at Barrington, Illinois, and the service provided on a regular basis.

Brigham's continued to extend its business by adding three more Buttrick's fast-food, family-style restaurants. Buttrick's, located primarily on main streets of Boston suburban communities, is aimed at the fast growing "food away from home" business (F).

G. B. Entreprises in Belgium continues to diversify and is now in the preliminary development stage of a motel in Antwerp. Also planned is a large complex in Brussels, which will include a restaurant, motel, supermarket, self-service department store, gas station, auto service center and garden shop. G. B. has continued to extend its restaurant capabilities and presently has 38 units in operation ranging in scope from a quick snack unit to a gourmet menu restaurant.

Midco's excellent year included the opening of two new kinds of stores. One, the Bodega or warehouse store, 26 miles from Mexico City, sells discount-priced food and general merchandise in 80,000 square feet. The other is Suburbia (D), a fashion apparel store located in a shopping center with an Aurrera supermarket and self-service department store.

New Business Concepts

Because we develop locations which need a non-food presentation but are not appropriate for Osco Drug Stores or Turn*Style self-service department stores, the Jewel Food Stores have extended the typical supermarket non-food department to include a substantial general merchandise presentation. Several such Family Center stores have been opened and more are planned.

A new concept of Jewel companies' combining human and financial resources is the Superama store in Yakima, Washington which opens this spring (E). In an effort to offer a more completely satisfying, one-stop shopping experience, Buttrey and Osco, in a joint venture, will operate a 52,000 square foot food and general merchandise drug store. There will be no walls separating food from non-food and each company will participate equally in investment and earnings.

In 1970 Jewel Food Stores opened its first Mr. Crispy fried chicken carry-out store next to a White Hen Pantry. Several more will be opened in 1971 in suburban Chicago, generally located in the parking lots of Jewel Food Stores to take advantage of their high volume of traffic (K).

Mass Feeding Corporation is Jewel's entry into the hot school lunch industry. Mass Feeding uses a systems approach which combines modern techniques of packaging, meal assembly and distribution with unique equipment. It offers school systems substantial savings in food procurement and labor costs. With packaging modules in Elk Grove Village, Illinois and Livonia, Michigan, Mass Feeding is now supplying over 200 schools with hot lunches.

New Markets Bring Us New Opportunities

Despite what many economists feel was the most troubled year in the last decade, Jewel people were able to expand into several new market areas. This continued extension of our retail facilities is best understood by remembering that a short 10 years ago, 81% of our business was in the State of Illinois. Today, Jewel Companies, Inc. has far broader geographic scope with only 61% of our business in Illinois.

In the following columns are listed new markets entered in 1970 and those representing firm plans for 1971:

1970	1971
Star	Jewel Food Stores
Hyannis, Mass.	Kalamazoo, Mich.
Manchester, N. H.	Omaha, Neb.
North Kingston, R. I.	
Jewel Food Stores	Osco Drug
Clinton, Iowa	Fayetteville, Ark.
	Ft. Smith, Ark.
Osco Drug	Urbana, Ill.
Aurora, Ill.	Evansville, Ind.
Champaign, Ill.	Cambridge, Mass.
Bloomington, Ind.	Yakima, Wash.
Muncie, Ind.	
Clinton, Iowa	White Hen Pantry
Austin, Minn.	Champaign/ Urbana, Ill.
Sikeston, Mo.	Decatur, Ill.
Springfield, Mo.	Elgin, Ill.
Manchester, N. H.	Rockford, Ill.
Eisner	Springfield, Ill.
Bloomington, Ind.	Gary, Ind.
Indianapolis, Ind.	Hammond, Ind.
White Hen Pantry	Indianapolis, Ind.
Champaign, Ill.	Kenosha, Wisc.
Highland, Ind.	Racine, Wisc.
Boston (area), Mass.	
Milwaukee, Wis.	Brigham's
	Chicago, Ill.
Brigham's	Worcester, Mass.
Gloucester, Mass.	
Haverhill, Mass.	Turn*Style
Randolph, Mass.	Decatur, Ill.
Taunton, Mass.	Kalamazoo, Mich.
Providence, R. I.	Omaha, Neb.
Turn*Style	
Indianapolis, Ind.	Buttrey
Grand Rapids, Mich.	Yakima, Wash.

JEWEL FOOD STORES

	1970	Plan 1971
Stores—beginning of year	256	261
New stores added	12	17
Stores closed	7	12
Stores—end of year	261	266
Store area		
(average square feet)	16,829	
(range—square feet)	6,200—30,200	

OSCO DRUG

	1970	Plan 1971
Stores—beginning of year	169	181
New stores added	17	15
Stores closed	5	7
Stores—end of year	181	189
Store area		
(average square feet)	12,442	
(range—square feet)	6,400—33,000	

BUTTREY FOODS

	1970	Plan 1971
Stores—beginning of year	169	181
New stores added	17	15
Stores—end of year	181	189
Store area		
(average square feet)	12,442	
(range—square feet)	6,400—33,000	

STAR MARKETS

	1970	Plan 1971
Stores—beginning of year	49	54
New stores added	5	2
Stores—end of year	54	56
Store area		
(average square feet)	25,200	
(range—square feet)	9,000—40,700	

DIRECT MARKETING DIVISION

	1970	Plan 1971
Businesses—beginning of year	1,827	1,803
Businesses added	2	—
Businesses closed	26	3
Businesses—end of year	1,803	1,800
Customers served	800,000	

EISNER STORES

	1970	Plan 1971
Stores—beginning of year	1,827	1,803
New stores added	2	—
Stores closed	26	3
Stores—end of year	1,803	1,800
Store area		
(average square feet)	800,000	
(range—square feet)		
Affiliate stores		



The pins on this map represent Jewel companies in the states where they do business. The numbers on the pins indicate the number of stores (or in the case of Direct Marketing, the number of businesses and in the case of Mass Feeding, the number of packaging modules) in that state. If a number is found next to a pin, it indicates the number of stores to be opened, in that state, in 1971.

States shaded in green are significant markets which were entered in 1970 and those representing firm plans for 1971.

1970	Plan 1971
35	35
—	1
35	36
20,700	
5,600—38,200	

TURN*STYLE

Stores—beginning of year	
New stores added	
Stores—end of year	
Store area	
(average square feet)	
(range—square feet)	

1970	Plan 1971
13	19
6	4
19	23
94,750	
50,000—100,000	

WHITE HEN PANTRIES

Stores—beginning of year	
New stores added	
Stores—end of year	
Store area (average square feet)	

1970	Plan 1971
44	76
32	60
76	136
2,500	

MIDCO, S.A. MEXICO

	1970 Add.	End of 1970	Planned 1971 Add.	End of 1971
Self-Service Dept. Stores	1	8	2	10
Supermarkets and Warehouse Stores	6	23	4	27
Restaurants	1	7	4	11
Fashion Apparel Stores	1	1	—	1
Jewel equity—47%				

1970	Plan 1971
30	35
6	4
1	2
35	37
16,200	
7,800—25,100	
45	43

BRIGHAM'S

Stores—beginning of year	
New stores added	
Stores closed	
Stores—end of year	
Store area	
(average square feet)	
(range—square feet)	

1970	Plan 1971
94	107
14	15
1	—
107	122
1,850	
450—4,200	

MASS FEEDING CORPORATION

Packaging Modules—beginning of year	
New modules added	
Modules—end of year	
Meals served per day	
Jewel equity—50.1%	

1970	Plan 1971
1	2
1	—
2	2
40,000	

G. B. ENTREPRISES BELGIUM

	1970 Add.	End of 1970	Planned 1971 Add.	End of 1971
Supermarkets	13	79	17	96
Department Stores	—	10	—	10
Restaurants	7	38	21	59
Appliance Stores	—	13	—	13
Self-Service Dept. Stores	4	17	14	31
Jewel equity—18%				



Our Commitment: Clean Water, Clean Air, Clean Land



Page 3, Section A, Maiko Store, Jewel POCATELLO, IDAHO, THURSDAY, DECEMBER 31, 1970



Where There Is Smoke . . . Although operating at its full 100 pound per hour capacity no polluting smoke or ash emerges from Buttre's food store incinerator which was equipped with a gas fueled afterburner this week to provide more complete combustion of trash.

New Afterburner Device Cuts Smoke, Ash From Incinerator

Pocatello residents in the neighborhood of the Chico and Buttre stores on Pocatello Avenue are breathing cleaner air today thanks to afterburner devices which were connected to the stores' incinerators this week.

"These units will burn about 700 pounds of refuse per hour with barely any visible trace of smoke or ash escaping the stack," said Buttre refrigeration superintendent Kenneth F. "Shack" Swank as he inspected the installation and operation of the two units Wednesday. Swank said each of the 14,000 pound units which sit piggy-back on top of the older incinerators cost approximately \$6,000.

Similar afterburners were installed on Buttre food stores in Idaho Falls this week and others are scheduled to be put into operation at the Boise, Nampa, Twin Falls, Lewiston, and Coeur d'Alene stores by Jan. 1, The Buttre and Chico divisions of Jewel Companies which is based

WEATHER

Low tonight, 30-31; high tomorrow, 23. High yesterday, 20. High today, 25. Low this morning, 20. Yesterday's average, 19. Normal average at Tribo approximately, monthly total, 90; normal 76.

Starline tomorrow, 9:00 a.m., sunset, 5:21 p.m.

Pocatello area forecast: Some showers continuing through late afternoon. Clear tonight and morning. Cooling winds through tonight, diminishing tomorrow morning.

Forecast outside: Moderating cold temperatures, except in snow covered high valleys at night. Skies will be generally cloudy with a few patches of light snow.

Boise 31 11 24
San Vanc 28 23

Jewel understands that the use of natural resources carries with it the responsibility to conserve and protect them. Here are some examples of our ecological efforts:

Water—Jewel Food Stores was the first major food chain to post signs giving phosphate content of detergents. Star, Eisner and Buttre soon followed. The decision to do this was made initially with the help of a group of Northwestern University students whose research material, along with our studies, resulted in the informative charts found in our stores today. Since that original sign for detergents was posted, we have expanded the concept to include all laundry and dishwashing aids and cleaners. (The signs have since been taken out of the Jewel Food Stores because the City of Chicago passed an ordinance forbidding the sale of high phosphate detergents.)

Our next step in phosphate control was to offer phosphate-free detergents. Further, the Direct Marketing Division is manufacturing and selling a complete line of non-polluting washday products which will also be sold in Jewel Food Stores. Our records show that sales of low-phosphate products have increased more than 50% while high-phosphate sales have dropped off.

Each of our manufacturing plants has had to deal with liquid effluent, and solution comes in various ways. Large scraps like potato peels are strained from wash water at the Melrose Park potato chip plant. The Eisner and Jewel bakeries control their wash and overflow with special drains and sewer lines. Two new treatment plants are under construction at Melrose Park to handle the increased flow that will come from the new ice cream and cottage cheese plants. Osco-Turn*Style's new Crest Photo Lab has the first ferrocyanide filtration plant of its kind in commercial photo processing. These investments are typical of our commitment to pay our environmental cleaning bill.

Air—Perhaps our largest dollar commitment to solving ecological problems has been in the related areas of air pollution and waste control. Through a combination of incinerating, scavenging, baling and compacting, our stores remove three million pounds of waste paper every week.

Jewel Food Stores recently constructed a centralized baling plant in Melrose Park which sends 1,250,000 pounds of paper and cardboard back to mills each week for recycling. Using 42-foot compactors and in-store balers, Star

removes most of its waste by scavenger service and its few units with incinerators have been equipped with pollutant controlling afterburners. Star plans to eliminate all burning in the near future.

Spread over considerable distances, it is not practical for Buttre and Eisner stores to collect waste and bring it to a central point for sorting, classification and recycling. Thus, each store is equipped with an incinerator (typically with afterburner) or a baler and compactor. Baled material is hauled away by scavenger service.

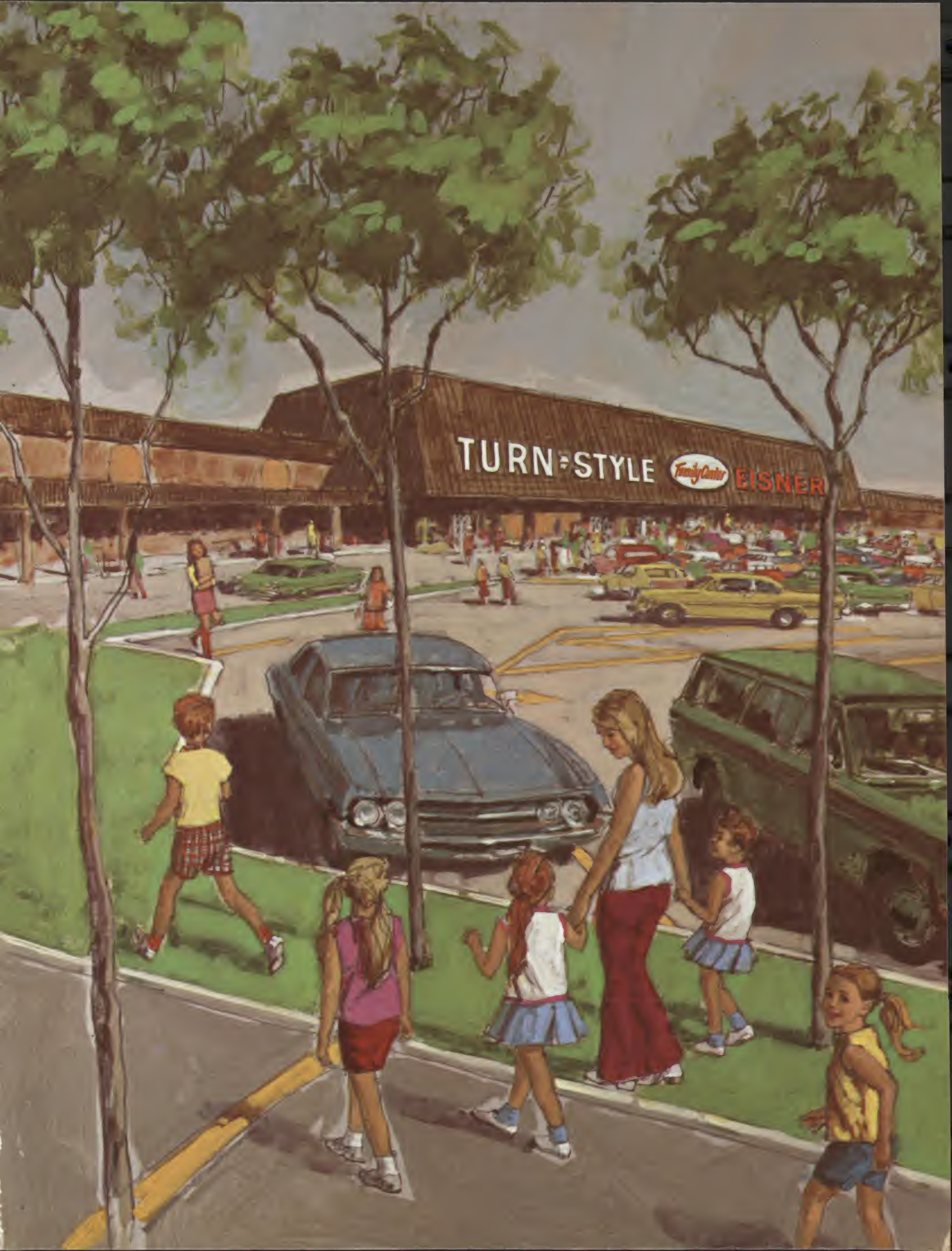
Jewel Food Stores' fleet of 275 trucks, operating in the congested metropolitan area of Chicago, contributes to air pollution. Jewel has several exhaust emission control programs under study including catalytic converters to burn out most of the objectionable hydrocarbons and carbon monoxide, and liquid propane and diesel-fueled engines to achieve a cleaner exhaust. They are in the process of removing all gasoline-powered refrigeration units, one of the prime causes of pollution.

Our coffee roasting operation was Barrington's most serious air polluter. Using a self-designed, two-stage scrubber, emission has been reduced to harmless steam. Particulate matter and odor have been successfully removed by the scrubbers.

Land—Eisner's and Turn*Style's development of their three large Family Centers in Indianapolis is an example of commitment to land beautification. Handsome architecture and pleasant landscaping make these stores welcome additions to the neighborhoods they serve. The same is true of the Eisner-Osco in Bloomington, Indiana, where a local citizen was so impressed that he wrote a complimentary letter to the editor of the area's newspaper. Believing that it is an investment in community good will, Turn*Style typically spends twice as much for landscaping as the average self-service department store.

Our intention is to continue to work at an accelerated pace to take action wherever necessary in the fight for clean water, clean air and clean land. To the extent that a retailer can lead in the fight on pollution, we hope to have Jewel be that leader.

This Eisner-Turn*Style Family Center, opened in October, 1970, is one of three units in Indianapolis, all of which have similar landscaping.



Buttrey be



SAVE 815

Eisner is your store for MIRACLE PRICES Eisner is your TOP QUALITY LEADER

Eisner wants to help you Better Shop



That's why Eisner introduces "Compar-A-Buy"

We at Buttrey Food Stores are continually looking for better ways to serve you, our customers, because serving you is our business. Now, Buttrey Food Stores introduce another new customer service . . .

Cost Per Measure

You'll find "Cost Per Measure" shelf labels on 1400 grocery items you buy most often, in addition to the total retail cost of each item.

Here is how it works . . .



Item	Price	Weight	Cost Per Measure
Grano Shredding	\$1.32	32 oz.	4.125
Tide XX Detergent	\$1.20	26 oz.	4.615
Del Monte Fruit Cocktail	\$1.10	29 oz.	3.793
Quaker Quick Oatmeal	\$1.00	38 oz.	2.632
Walley Wild Chilli	\$1.00	42 oz.	2.381
Walley Wild Chilli	\$1.00	25 oz.	4.000



Price Is Making

Quality, too, consideration is in preparation may make that decision designed to help reasons the last - see if Eisner's "C" shop for your fun.

White Hen Pantry

"Nutrition can be fun"

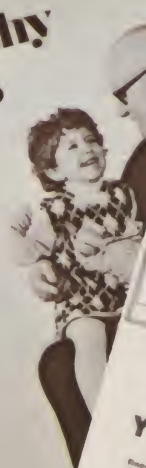
Just about everybody "reads" in between work, after school, while watching TV, or when. . .

OPEN 7 A.M. TO 11 P.M. EVERY DAY OF THE YEAR

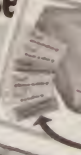
'Miracle Prices' for Your Purse

- M-C Fruit Drinks 25
- Compliment Sauces 34
- Pork & Beans

happy healthy drug users



Keeping You Informed Is One Way Jewel Helps You Be A Better Shopper



Announcing... "Freshness Dates" On Jewel Pastry Shop Breads!

Announcing... Now "Phosphate Charts" On Even More Laundry Products!

Announcing... "Compar-A-Buy" Now On Nearly 3,000 Items!

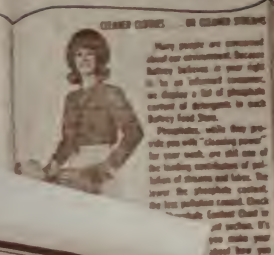
Announcing... Even More Reasons Why You're So Smart To Shop At Jewel!



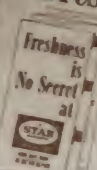
At your OSCO Pharmacy you have a friend concerned and qualified. Fit him into your health picture.

Right to Know!

Measure



Freshness is No Secret at Star

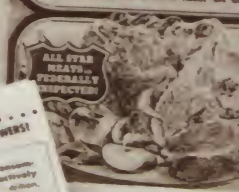


STAR BELIEVES IN YOUR RIGHT TO KNOW

STAR BELIEVES IN YOUR RIGHT TO KNOW OPEN DATING

STAR BELIEVES IN YOUR RIGHT TO KNOW UNIT-PRICING

YES...We H NO Swordf



Consumerism... New Opportunities To Make Friends

Cost-Per-Measure...Nutrition...
Code-Dating...Miracle Prices...these
were consumer concerns of 1970.

Cost-Per-Measure—Each of our supermarket companies had implemented by mid-year a Cost-Per-Measure pricing program with Jewel Food Stores leading in such a program. Thousands of items carry not only the price of the package, but the cost per ounce, per pound or per measure.

Admittedly, we wondered about consumer reactions to the program: Would people even bother to use it? A recent survey gave us some answers:

1. Customer awareness and acceptance was quite high with nearly 63% of our customers acknowledging their awareness.
2. 41% of our customers considered it worthwhile and 30% indicated they use such pricing on a regular basis.

Perhaps even more important were the typical reactions of those who do not use Cost-Per-Measure Pricing: "I haven't bothered with it; I know you're doing a good job" and "I haven't used it, but I feel better about shopping at Jewel."

Each Jewel food company has plans to continue its support of unit-pricing as a customer service.

Nutrition—In a country with the highest per capita income in the world, it is ironic that the average American is not as well nourished as was true 10 years ago (according to the Federal Government's National Nutrition Survey). Feeling that we have a responsibility to encourage good eating habits and thus good health, we will continue in various ways to publicize nutritional advice and distribute information on the "Basic 4 Foods" that should be a part of the daily diet. Jewel people actively participated in the White House

Conference on Food, Nutrition and Health. Jewel, Star, Buttrey, Eisner and White Hen newspaper advertising regularly includes nutrition information. Home economists at Star and at Jewel Food Stores have weekly newspaper columns dealing with nutrition (as well as other consumer information like Cost-Per-Measure and unit-pricing). Point-of-purchase displays in the stores emphasize nutritional awareness. Eisner has retained the University of Illinois' popular basketball coach for a series of nutritional commercials for radio and TV. Nutrition and other items of consumer interest will be discussed this fall by the new Illinois football coach.

Although it is too early for results of the Nutritional Awareness Campaign to be tallied, there are signs of success. U. S. Senator Ernest F. Hollings, a member of the Committee on Commerce, wrote to Star, saying, "I was very surprised to see what degree of dedication your company has on this matter. I wish that we could encourage every grocery chain in America to take similar action in behalf of nutrition." A home economist from Montana State University wrote to Buttrey, "We would like to compliment Buttrey's Food Stores on the excellent participation in the Nutritional Awareness Campaign."

Code-Dating—The subject of dating for freshness control became one of the significant consumerism issues in 1970. Building upon a tradition which demanded maximum freshness in our stores, it was important for our food companies to be among the first in the nation to open up all code-dating information. Thus, Star, Jewel and Eisner have published books which can be used to clarify the thousands of codes used in our stores and Buttrey will have its own code book by mid-1971.

We have instituted a program of "open-coding" on private-label items, printing on the package the date it must be off our store shelves. We are also making a determined effort with manufacturers to standardize coding procedures.

As a result of the Jewel Food Stores' national leadership in interpreting codes and promoting open-dating, it was selected by the U. S. Department of Agriculture for a special study of open dating which is now underway.

Miracle Prices—In 1966, Jewel Food Stores introduced "Miracle Prices" to help reduce the impact of inflation. Similarly, Star, Eisner and Buttrey charted unusual increases in sales from those points in time when each introduced Miracle Prices or, in the case of Buttrey, Budget Prices, suggesting that it is not only the customer who benefits from the lowest possible pricing. And inflation is not just an American problem, for in 1970 G. B. Entreprises began its version of Miracle Prices with a resulting improvement first in sales and then in profitability. We are committed to selling goods at the lowest possible price and will continue to do everything we can to keep prices down.

Anticipating Consumerism

There are other opportunities for Jewel people to anticipate consumerism. A Turn*Style study group is looking at its company with a critical eye to anticipate and to respond to consumer problems, needs and desires. Osco Drug has initiated the largest single pharmacy advertising campaign in its history. Based on "Trust", it will tell the story of the involvement of Osco pharmacists in everything from family health to social problems.

For example, Osco has gained national recognition for its "Speakers Bureau" through which pharmacists give talks on both the dangers and proper usage of drugs. To support that effort one newspaper advertisement is headed: "We think the average parent should know as much about drugs as the average pusher."

Jewel's reputation has been built through more than 70 years of service to the consumer. Far from feeling threatened by fresh waves of consumerism, we look upon consumer awareness as another opportunity for our people to show by their actions that customer loyalty to our companies is a well-placed trust and that there will continue to be both old and new reasons to have confidence while shopping with us.

- A. John Haugabrook, Jewel Food Stores, active in YWCA.
- B. Al Schubert, Buttrey Foods, alderman in Havre, Montana.
- C. Leo Shamshak, Brigham's, works with youth in Boy Scouting and sports.
- D. Alan Rayen, Star Markets, candidate for school board.
- E. Imogene Caston, Eisner, loaned by the company for one month to United Fund of Champaign/Urbana.
- F. Lyle Baylor, Turn+Style, member of his community's zoning board.
- G. Ted Zolkiewicz, Direct Marketing Division, picked as "Citizen of the Year" by City of Buffalo, N.Y.
- H. John Phillips, Osco, has given more than 120 talks on drugs and drug problems to community groups.
- I. LeRoy (Skip) Burnside, White Hen Pantry, active in a homeowner association.

Why Jewel People Are Excited and Exciting



A



B



C



D



E



F



G



H



I

- In Havre, Montana a city alderman prepares an amendment to the city charter.
- In Champaign, Illinois a young woman leaves the offices of the United Fund to pick up donations during a campaign drive.
- In Buffalo, New York the "Citizen of the Year" accepts a plaque which recognizes work he has done with young people.
- In Belmont, Massachusetts a candidate for a school board gives a campaign speech.

Varied though these activities seem, there is a tie which binds them—the people in action work for one of the Jewel companies. They are typical of Jewel people, because they represent a modern-day attitude which says that work is neither tolerable nor satisfying if it is done for wages alone.

It is our heritage of sharing a business that makes it natural for us to encourage individual participation outside the business, helping to satisfy the changing values in today's life style. Our decentralized approach to management, offering as it does the broadest possible involvement of people in decision making, squares with the sense of independence in which people today take pride. But individual commitment to one's society, however it may be defined, is equally important.

Thus, while we are proud of Jewel people and the accomplishments that reflect their commitment to serving our customers and our shareholders, we take equal pride in the commitments of Jewel people and their families to social service.

Representing each of our domestic companies, the individuals pictured on the facing page are but a few who, in

his or her own way, are serving their fellow man beyond doing good work in a store or office or plant. We are proud of people such as:

LeRoy (Skip) Burnside—Skip, a store counselor for White Hen Pantry, is president of the Civic Association of Butterfield Highlands, a homeowners group in Elmhurst, Illinois. This organization is concerned with the planning and zoning problems of their area, and acts as an advisory body to the planning commission of the city.

Imogene Caston—One of the well-known smiles at Eisner, mail girl Imogene is also well-known at several other Champaign/Urbana, Illinois companies. Last summer, Imogene, on loan from Eisner, worked for one full month at United Fund Headquarters. She helped with collecting the receipts and with the general paper work of individual company campaigns. In her "spare time," this mother of two attends Illinois Community College.

John Haugabrook—John became interested in the Harris YWCA project when he was Jewel's representative at the Y's original building campaign. As treasurer of the 34 man organization called MIGHTY (Men Interested in Giving Help to the Y), John is involved in a variety of fund-raising programs to keep this Y "one of the most modern facilities on the south side."

Alan Rayen—Al, who is Director of Security for Star, recently entered the world of politics for the first time when he decided to run for the School Committee in his home town of Belmont, Massachusetts. As the father of five children, three of whom attend school, Al felt obligated as a homeowner to "be involved."

Al Schubert—As Meat Department Manager in one of the larger-volume stores in Buttrey's chain, treasurer of the local winter sports corporation and father of four children, Al Schubert figures to be a pretty busy man. That he is. But not so busy that he couldn't accept an appointment as alderman in his home town of Havre, Montana. Al is currently campaigning for election.

John Phillips—John, an Osco store manager, is a man with a mission—drug education. He recognizes that

knowledge is the first step in any effort toward the control of the drug problem. His drug education work began when he was stationed in Iowa and he continued after his recent promotion to Lansing, Michigan (where he is in charge of two stores). John has given nearly 130 talks on drugs and their proper uses. He has also served as state chairman for Operation Drug Alert sponsored by the Iowa Kiwanis.

Leo Shamshak—Working with kids takes up most of this Brigham's store manager's spare time. Leo has chosen to be active in his community's (Dorchester, Massachusetts) association of homeowners and is presently Chairman of Recreation—which means he coaches youngsters in hockey and baseball. He is also a Troop Chairman for the Boy Scouts and treasurer of his church's Holy Name Society.

Lyle Baylor—Lyle, who manages the new Turn*Style in Wyoming, Michigan has built an impressive track record of social and civic service over the past few years. He has worked for many years with the Cub Scouts and more recently heads a committee which attempts to place the handicapped in good jobs. As an expert in retailing, Lyle has taught classes at the local high school.

Ted Zolkiewicz—In his home in Buffalo, New York, Ted, an area manager for the Direct Marketing Division, has a plaque which reads, "Citizen of the Year." It was awarded by the City of Buffalo and pays tribute to his "leadership in youth activity." His primary activity has been coaching youngsters in gymnastics, which he has done since the 1930's. He likes to "get involved with people in such a way that each of us can contribute to the other's good life."

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Elmhurst, Illinois 60126

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ANNUAL MEETING

The Annual Meeting of shareholders will be held at 2:00 p.m. on Wednesday, June 16, 1971 at the New York Hilton Hotel, New York, New York.

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Manufacturers Hanover Trust Company, 4 New York Plaza, New York, New York 10015.

Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60690.

REGISTRARS

Bankers Trust Company, 16 Wall Street, New York, New York 10015.

The First National Bank of Chicago, One First National Plaza, Chicago, Illinois 60670.

COMMON STOCK LISTING

New York Stock Exchange
Midwest Stock Exchange

CORPORATE OFFICE

1955 West North Avenue, Melrose Park, Illinois 60160

This report is submitted to the shareholders of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.

Annual Report 1970

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